

## Message Text

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41

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 PM-04 SP-02

NSC-05 IO-11 /064 W

----- 070318

R 010928Z MAR 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2580

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE MANILA 2929

E.O. 11652: N/A

TAGS: EAIR, EWWT, RP

SUBJECT: CIVAIR: GOP DECREES ON AIRLINE DISCRIMINATION AND  
FLAG PREFERENCES

1. PRESIDENT MARCOS SIGNED TWO DECREES P.D. 894 AND 895 ON  
FEBRUARY 29 OSTENSIBLY TO IMPROVE THE COMPETITIVE POSITION  
OF PHILIPPINE AIR CARRIERS AND SHIPPING LINES ENGAGED IN  
INTERNATIONAL TRANSPORTATION.

2. P.D. 894 REQUIRES ALL GOVERNMENT INSTITUTIONS AS WELL AS  
PRIVATE PERSONS AND ENTITIES ENJOYING GOP TAX EXEMPTIONS,  
INCENTIVES, AND SUBSIDIES TO USE PHILIPPINE FLAG AIR  
CARRIERS AND SHIPS IF THE PAYMENT FOR SUCH FARE OR FREIGHT  
COMES DIRECTLY OR INDIRECTLY FROM GOVERNMENT FUNDS.

3. P.D. 895 AUTHORIZES THE CIVIL AERONAUTICS ADMINISTRATION  
TO IMPOSE RETALIATORY OR COMPENSATING FEES, RENTALS AND  
OTHER CHARGES ON AIRLINES OF COUNTRIES DISCRIMINATING  
AGAINST PHILIPPINE CARRIERS. ACCORDING TO THE CAA, THIS  
DECREE IS A RESULT OF AUSTRALIA'S EXPENSIVE LANDING  
FEES, SINGAPORE'S POLICY OF HAVING ALL GROUND SERVICES

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AT SINGAPORE HANDLED BY SINGAPORE AIRLINES, AND MALAYSIA

FOLLOWING THE SINGAPORE POLICY AT KUALA LUMPUR. THE CAA WAS CAUTIOUS IN STATING THAT P.D. 895 SIMPLY AUTHORIZES IT TO SURVEY AIR PRACTICES AND DETERMINE WHETHER THERE IS ANY DISCRIMINATORY PRACTICE. PRESUMABLY IF DISCRIMINATION IS ESTABLISHED, THE CAA CAN LEVY A COMPENSATING FEE.

4. P.D. 894 APPEARS POTENTIALLY TROUBLESOME FOR U.S. AIR AND SEA CARRIERS. THE PRESS REPORTS SPEAK OF ITS APPLICABILITY TO ANY PERSON, PARTNERSHIP, ASSOCIATION OR CORPORATION, CONTRACTOR OR SUBCONTRACTOR, GRANTED OR ENJOYING TAX EXEMPTION, SUBSIDY, OR INCENTIVE FROM THE GOP, OR WITH AN OUTSTANDING LOAN FROM OR WHOSE OBLIGATION IS GUARANTEED BY THE GOP, OR AWARDED ANY CONTRACT BY THE GOP OR ANY OF ITS AGENCIES. THE LOCAL PANAM REP HAS EXPRESSED HIS CONCERN OVER THIS DECREE TO US, AND WE IN TURN HAVE RAISED THE MATTER WITH BOTH BRIG. GEN. JESUS SINGSON, CAA ADMINISTRATOR, AND PACIFICO AGCAOILI, EXECUTIVE DIRECTOR OF PHILCAB.

5. AGCAOILI STATED THAT HE HAS NOT SEEN THE TEXTS OF THE DECREES AND DOES NOT EXPECT TO RECEIVE THEM FOR ANOTHER WEEK. HE SAID THAT THE PRESS REPORTS TEND TO BE OVERBLOWN AND ADDED THAT P.D. 894 WAS ONLY ANCILLARY TO P.D. 895 WHICH WAS DIRECTED AT THE EXCESSIVE AIRPORT CHARGES LEVIED BY NEIGHBORING COUNTRIES. WHILE HE ACKNOWLEDGED OUR CONCERN OVER DISCRIMINATION IN P.D. 894, HE DEFENDED GOP POLICY BY CITING U.S. FLAG PREFERENCES FOR GOVERNMENT AND GOVERNMENT-FINANCED CARGO.

6. COMMENT: AGCAOILI'S REVELATION THAT P.D. 894 WAS SIMPLY CAMOUFLAGE FOR P.D. 895 APPEARS BORNE OUT IN THE PRESS REPORTS WHICH APPEAR TO FOLLOW A PNA HANDOUT. THE HEADLINES AND LEADS CONCENTRATED ON GOP RETALIATION AGAINST DISCRIMINATION RATHER THAN ON THE FLAG PREFERENCES. HOWEVER, GIVEN THE HISTORY OF GOP EFFORTS TO ENHANCE ITS FLAG CARRIERS, THE LAST INCIDENT BEING P.D. 667 ON SHIPPING, WE WILL BE FOLLOWING THIS LATEST DEVELOPMENT CLOSELY AND WILL BE CALLING ON AGCAOILI AS SOON AS WE OBTAIN THE TEXT OF THE DECREES. IN MEANTIME, WE WOULD APPRECIATE BEING ADVISED OF WHAT LIMITED OFFICIAL USE

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VIEWS OR SUGGESTIONS USCAB MAY HAVE.  
SULLIVAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DISCRIMINATION, LAW, AIRLINES  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
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**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 MAY 2004  
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**TAGS:** EAIR, EWWT, RP  
**To:** STATE  
**Type:** TE  
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